

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – AUGUST 15, 2002**

**PRESENT:** Chairman John Byrne and Commissioner Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Marketing Specialist; George Tsiopras, Chief Accountant; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouse

**EXCUSED:** Commissioner Anthony Maiola

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Sales Reports:**

The SA1000 report for the week ending August 11, 2002 shows retail sales were up almost 12.2%, on-premise sales were up 16.2%, off-premise sales were up about 3.4%, and total aggregate sales were up roughly 11.6%. The traffic count increased by 5,900, as did the average sale by \$1.82.

The W-1 Total Weekly Sales report confirms total sales increased for the week by 11.6% or \$785,330, as they did for the year by 7.4% or \$3057,156. Wine sales for the week were up 13.3% or \$382,379, and were also up 14.9% or \$2,579,399 for the year. Sales of spirits were up about 10% or \$398,700 for the week, as they also were year-to-date by almost 3.9% or \$939,530.

##### **B. Budget Reports:**

The current Outstanding Depletions and Post-Off's report as of August 13, 2002 indicates two brokers which are in arrears. Both have promised to pay immediately; accounting will keep track of this.

A meeting was held Monday with one of the Nobis engineers to review plans for the Market Basket renovations project. Craig followed up with him this morning to make sure Commission concerns are relayed to Market Basket.

Two contracts, one for store carts and the other for floor cleaning, were approved at the Governor and Council meeting with no questions asked.

At the bidder's conference for the credit card services RFP, Mike Shapiro from Discover indicated that their rate would be increased to 1.5% effective October 1st. However, this rate is still lower than in some other states. Also, awarding the RFP to Discover could generate lower rates. There was brief discussion on this topic.

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The budget summation should be ready by tomorrow, and the first review with the Commission will take place next week. George has provided paperwork to the department chiefs.

A review of the latest W-6 Expense Budget Activity Report shows targeted expenses to be at around 12.%. However, total agency expenditures are at 14% again because of having to “front load” some of the categories. George did not see any real concerns when reviewing the categories. A meeting will be held in the near future with representatives from Workman’s Compensation to discuss possible increases. A report will be brought back for the Commission.

Other accounting projects include inputting information into the budget manual, working on history reconciliations, and completion of the financial statements which are due over to Administrative Services by September 5<sup>th</sup>. Audit numbers will probably be provided by the end of September.

The Chairman asked John Bunnell to get in touch with Mark Bodi relative to starting on the annual report.

There are presently two contract amendments over at the Attorney General’s Office – one for Waste Management and the other for Johnson Control maintenance.

2. IT Report

Howard reported that the testing on the new system is going well. Currently, testing is being done on reports to make sure they function properly. All personnel have been moved to the new server now. When e-mail issues are resolved, it will also be moved over. Commissioner Russell asked why it was necessary to log on so often. Craig explained that this conforms to policy required by DITM and Administrative Services.

Michael Gocłowski reported that sometime in October or late September Law will be taking down the mainframe to test the system. Most of his time has been spent on the new web site, which appears to be working. He said favorable additions will be added which will improve the quality of the home page. The backup system is now on a separate site, with several issues which need to be resolved. Craig will be going to Law to take a look at the new system.

John Bunnell said he has asked Law to identify what an automated order is to avoid the \$25.00 charge by brokers. Brian Law will be getting back to him on this.

There was discussion relative to the breakage room at Law and about doing a manual cleanup before the holidays. A high percentage of bottles in this room are sub-packable. Whatever is left that is in good condition can be sent out to the stores.

## **II. MARKETING & SALES REPORTS**

### **1. Store Operations**

A review of the current W-8 Sales Analysis by Location report shows total store sales were up \$717,785.00 over the same period last year. However, Peter pointed out that the report included inflated figures from last year, making the actual increase around \$584,000. Sales are very high at both Hampton highway stores.

Renovations for the new location for Store #14 Rochester should be completed by the middle of next week, with the move scheduled for August 26<sup>th</sup>. Bag stuffers and being utilized to inform customers of the move, and an ad in the newspaper is planned. Craig suggested putting a notice on the web site, and the Chairman said a sign should be displayed at the old premises with directions to the new store.

A meeting will be held with representatives for the landlord of the Second Street store in Manchester tomorrow at 10:00 a.m. The schematics for Stores #34 Salem and #38 Portsmouth are ready for the Commission to review.

### **2. Warehouse Report**

There was nothing of significance to report at this time regarding the Concord Warehouse.

### **3. Purchasing Report**

John reported that several items on the purchasing report have now been resolved, and many of them have now arrived. The only real issue is the outage of Grey Goose Vodka, and Marketing has spoken with United Beverages about this. United Beverages said they will speak with the vendor, Sidney Frank, regarding this situation.

### **4. Merchandising Report**

#### **A. SPIRITS:**

##### **1) Test Market Products:**

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- a. Test Market Request (Famous Grouse Gold Reserve):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique, Inc. for a new test market product listing for The Famous Grouse Gold Reserve 12-Year Old Scotch Whiskey, 750ML size (assigned three-digit Code #537), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. Test Market Request (St. Remy XO French Brandy):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H./Remy Amerique, Inc. for a new test market product listing for St. Remy XO French Brandy, 750ML size (assigned four-digit Code #5107), as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. Test Market Recommendation (Code #3870, Pearl Vodka):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve a specialty listing for Code #3870, Pearl Vodka, 750ML, which exceed the gross profit required for specialty status, as recommended by Richard Gerrish and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) October Special Offers:

- a. 29 items – Executive Wine & Spirits/Martignetti:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-nine (29) spirit items, to be featured on sale during October 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- b. 63 items – Horizon Beverage Company:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from Horizon

Beverage Company, based upon depletions of sixty-three (63) spirit items, to be featured on sale during October 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- c. 65 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of sixty-five (65) spirit items, to be featured on sale during October 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**B. WINES:**

- 1) Special Offers for the Month of October 2002:

- a. 101 items – United Beverages, Inc.:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of one hundred and one (101) wine items, to be featured on sale during October 2002, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 2) Recommended Wine Specialty Products (8 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes as wine specialty products, to be carried in the wine specialty stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Recommended Allocated and Restricted Wines for Distribution to Selected Stores (11 items):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of eleven (11) wine codes to be designated as allocated/restricted for distribution to selected stores, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 4) Primary Source Submissions (2 items – primary source; 14 items – exclusive agent; 15 items – imported:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are from primary source, fourteen (14) wine codes which are not from primary source, but are offered by the exclusive marketing agent, and fifteen (15) wine codes which are not from primary source, but are imported, as recommended by Nicole Horton, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 5) Tabled Items:

- a. Non-Recommendation of 1999 Bordeaux Purchase (tabled from 8/8/02, item B-2):

Item remained on the table.

**III. ENFORCEMENT & LICENSING REPORTS - None.**

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission approve all previously reviewed requests for bailment releases/transfers dated August 9 through August 15, 2002. The motion was unanimously adopted.

2. Coupon Approvals: None.

3. Late Items: None.

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John W. Byrne, Chairman

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Patricia T. Russell, Commissioner

